

## Message Text

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20

ORIGIN AGR-20

INFO OCT-01 AF-10 ARA-11 EA-11 EUR-25 NEA-10 RSC-01 IO-13

ADP-00 CEA-02 CIAE-00 COME-00 DODE-00 EB-11 FRB-02

H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03

AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12

PRS-01 OMB-01 /220 R

66665

DRAFTED BY: IT: FAS: TPD: RMPLANK

APPROVED BY: EB: OT: TA: JPCRAWFORD

EUR: RPE: PRIZIK

STR: RMATTHEISON

TREASURY: CLEIGH

COMMERCE: WKRIST

COMMERCE: MFELDMAN

AGRICULTURE: GHWHITE

----- 123965

R 182209 Z JUN 73

FM SECSTATE WASHDC

TO USMISSION GENEVA

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

AMEMBASSY ROME

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AMEMBASSY VIENNA  
USMISSION EC BRUSSELS

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E. O. 11652: N/ A

TAGS: ETRD, GATT, EEC/ EFTA

SUBJECT: EC/ EFTA NONAPPLICANT AGREEMENTS

REFS: ( A) GENEVA 2624 ( B) COPENHAGEN 0882

( BEGIN SUMMARY) DIFFERENCES BETWEEN THE EC- SWISS AGREEMENT AND OTHER NONAPPLICANT AGREEMENTS WITH REGARD TO AGRICULTURAL CONCESSIONS GRANTED TO THE EC ARE NOT SIGNIFICANT. RULES OF ORIGIN PROVISION ON CORN FOR CORN FLAKES DISCRIMINATES AGAINST U. S. TRADE. ( END SUMMARY)

1. REGARDING SWISS COMMENT THAT THERE ARE DIFFERENCES IN AGRICULTURAL CONCESSIONS GRANTED TO THE EC BY THE SWISS AS OPPOSED TO THOSE GRANTED TO THE EC BY THE OTHER EFTA NONAPPLICANT COUNTRIES ( REFTEL A), THE US SEES NO SIGNIFICANT DIFFERENCES AMONG THESE ARRANGEMENTS. IN FACT, THEY ARE ALL SIMILAR IN THAT THEY CONSIST OF TWO PARALLEL ARRANGEMENTS: A SO- CALLED FREE TRADE AREA FOR INDUSTRIAL GOODS AND SPECIAL PREFERENCES WORKED OUT FOR SELECTED AGRICULTURAL PRODUCTS. THE AGRICULTURAL CONCESSIONS PROVIDED IN THE ARRANGEMENTS ( PROTOCOL 2 AND SEPARATE EXCHANGES OF LETTERS) USUALLY FALL SHORT OF DUTY- FREE TREATMENT AND APPEAR INCIDENTAL TO THE GENERAL AIM OF THESE ARRANGEMENTS, NAMELY TO ESTABLISH AN INDUSTRIAL FREE TRADE AREA. THE SWISS DREW ATTENTION TO THEIR HAVING RESISTED EC PRESSURE TO INCLUDE MORE AGRICULTURAL COMMODITIES IN THEIR AGREEMENT AND EXCHANGE OF LETTERS. WHILE IT IS TRUE THAT THE AGRICULTURAL PRODUCT COVERAGE IN THE VARIOUS EC/ EFTA BILATERAL AGREEMENTS AND EXCHANGES OF LETTERS VARIES SOMEWHAT, ALL THESE AGRICULTURAL CONCESSIONS ARE DISCRIMINATORY.

2. WITH REGARD TO MISSION' S REQUEST FOR SUPPLEMENTARY EXPLANATION OF THE CORN FLAKES QUESTION ( REFTEL A),  
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WASHINGTON TRADE EXPERTS CONFIRM THAT MAIZE OF THE ZEA INDURATA TYPE, OTHERWISE KNOWN AS FLINT CORN, IS NOT PRODUCED IN THE U. S. IT IS PRODUCED THROUGHOUT SOUTH AMERICA; ARGENTINA BEING THE LARGEST WORLD PRODUCER AS WELL AS THE ONLY WORLD EXPORTER OF ANY SIGNIFICANCE. THE TYPE OF CORN EXPORTED BY THE U. S. FOR PROCESSING INTO CORN FLAKES IS DENT CORN OR ZEA INDENTATA. ACCORDING TO

NEW EC/ EFTA RULES OF ORIGIN, LIST A PROVISIONS UNDER BTN  
19.05 CORN FLAKES PROCESSED FROM U. S. CORN WILL BE  
DENIED ORIGIN STATUS AND CANNOT BENEFIT FROM DUTY- FREE  
INTRA- TRADE. CONTRARY TO SWISS ASSERTIONS, THE EXCEPTION  
TO 19.05 BY WHICH PREPARED FOODS MADE FROM MAIZE OF THE  
ZEA INDURATA TYPE CAN QUALIFY AS ORIGINATING PRODUCTS  
DOES NOT HELP THE U. S. ( SINCE US DOES NOT PRODUCE  
THAT TYPE OF CORN) BUT DOES HELP ARGENTINA. THE CORN  
FLAKES EXAMPLE SHOWS THAT THIS SYSTEM IS DISCRIMINATORY AND  
GOES FURTHER THAN THE NECESSARY INTENT OF RULES OF  
ORIGIN. IT IS UNREASONABLE TO MAINTAIN THAT CORN FLAKES  
MADE FROM IMPORTED CORN FROM ARGENTINA CONSTITUTE AN ORIGINATING  
PRODUCT BUT CORN FLAKES MADE FROM IMPORTED CORN FROM THE U. S.  
DOES NOT. ON PREPARED FOODS,  
IT DOES NOT ALLOW THE USE OF IMPORTED RAW MATERIALS. WITH  
THE EXCEPTION OF FLINT CORN, OTHER THAN SUGAR OR SUGAR  
SYRUPS OF BTN CHAPTER 17. MOREOVER, REPORT THAT SHIFT IN  
CORN SUPPLY TOOK PLACE AS A RESULT OF RULES OF ORIGIN  
EXCEPTION ( REFTEL B) REVEALS THAT THE PROVISION NOT  
ONLY AFFECTS U. S. TRADE ADVERSELY BUT ALSO HURTS EUROPEAN  
IMPORTERS AND CONSUMERS AS WELL SINCE THE SUPPLY SHIFT  
ENTAILS AN ADDED 120,000 DOLLARS COST PER ANNUM. IN MAKING  
THIS INFORMATION AVAILABLE TO APPROPRIATE FOREIGN REPRESENTATIVES,  
MISSION SHOULD NOTE THAT WE ARE RESPONDING TO REQUEST FOR  
FURTHER DETAILS ON JUST ONE OF MANY SPECIFIC EXAMPLES OF  
DAMAGE DUE TO RULES CITED BY U. S. US COMPLAINT CONTINUES TO  
BE BASIC RESTRICTIVENESS OF RULES AS A WHOLE. ROGERS

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

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**Channel Indicators:** n/a  
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**Draft Date:** 18 JUN 1973  
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**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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**Line Count:** 147  
**Locator:** TEXT ON-LINE  
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**Subject:** EC/ EFTA NONAPPLICANT AGREEMENTS  
**TAGS:** ETRD, EEC/, EFTA, GATT  
**To:** BERN  
BONN  
BRUSSELS  
COPENHAGEN  
DUBLIN  
GENEVA  
HELSINKI

LISBON  
LONDON  
THE HAGUE

**Type:** TE

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